

**STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Office of Economic Opportunity
2013 Mail Service Center
Raleigh, North Carolina 27699-2013



Internal Control Questionnaire

This internal control questionnaire is designed to assist grantees in the identification of strengths and weaknesses in its internal control structure. OEO monitors and consultants will use this form, as a guide to assess the grantee's control risk. Please complete in full and return to OEO at the address shown above.

Name of Organization: _____
Preparer's Name and Title: _____
Date Prepared: _____
Contact Person: _____
Contact Person's Telephone #: _____

Key Employees

Board of Directors' Chairperson: _____
Board of Director's Secretary: _____
Board of Director's Treasurer: _____
Executive Director: _____
Asst. Director/Business Mgr: _____
Finance Officer: _____
Asst. Finance Officer: _____
Bookkeeper: _____
Other Staff (Title) _____

Note: The basic foundation of an adequate system of internal control is the segregation of duties among employees in such a manner that no one employee handles a transaction

from inception to completion. When this is not possible due to the small number of employees, other controls can be implemented to reduce risk.

Instructions:

1. Write in the name(s) of the employee(s) that are involved in the following activities: cash receipts, disbursements, purchasing, posting to the accounting records and fixed assets.
2. For each employee identified, place an "X" by each activity that the employee performs.
3. Please use columns A and B to identify non-employees (ex.: a board member or a contracted service provider).

	POSITION TITLE						
	A	B	C	D	E	F	G
DUTIES & RESPONSIBILITIES							
Opens the mail							
Prepares cash receipts log							
Performs cashier functions (receives checks)							
Prepares deposits							
Reconciles cash receipts log to deposit							
Prepares account codings for receipts							
Posts to cash receipts journal							
Posts to general ledger							
Prepares account codings for disbursements							
Posts to cash disbursements journal							
Reconciles fund requests to receipts							
Prepares bank reconciliations							
Bank reconciliations reviewed by							
Authorizes and approves disbursements							
Authorizes and approves purchases							
Prepares purchase requisitions/orders							
Prepares checks							
Signs checks							
Mails Checks							
Has access to unused bank checks							
Reviews voided and returned checks							
Verifies correctness of invoices							
Matches vendor invoices to requisitions/orders							
Stamps paid on invoices							
Authorizes payment of payroll & pay rates							
Prepares payroll checks							
Distributes payroll checks							
Maintains fixed asset records							
Authorizes disposal of fixed assets							

	Responsible Personnel	Yes	No	N/A
RECEIPTS				
1. Cash receipts are deposited intact (<i>i.e. does the organization prohibit amounts from either being withheld from the deposit or requesting the bank to deduct cash from the deposit</i>).				
2. Cash receipts are deposited on a daily basis.				
3. The individual(s) who opens the mail maintains a log of cash receipts including notation of any restrictions before the cash or documentation is routed to others.				
4. A restrictive endorsement (For Deposit Only) is written/stamped on all checks when received.				
DISBURSEMENTS				
1. The governing board authorizes all bank accounts and check signers.				
2. Dual signatures are required on all checks.				
3. The bank is notified immediately of all changes of authorized check signers.				
4. All disbursements are made by check.				
5. Disbursements are supported by vendor invoices or other supporting documentation.				
6. All vendor invoices, or other documents, indicate the date that goods or services were received.				
7. Unpaid invoices are filed separately from paid invoices.				
8. An authorized official approves all invoices for payment.				
9. For disbursements that require special approval by the governing board, their approval is adequately documented.				
10. Vendor invoices are recalculated prior to checks being prepared.				
11. Checks are signed only when supported by approved invoices (nor signed in advance).				
12. Check signers compare data on supporting documents to checks presented for their signatures.				
13. Checks are pre-numbered and accounted for.				
14. Voided checks are adequately defaced and are easily accessible for review.				
15. A policy exists which documents the rationale used to allocate expenses among grants or contracts.				

	Responsible Personnel	Yes	No	N/A
PAYROLL AND PERSONNEL				
1. A payroll journal is prepared and balanced.				
2. Payroll disbursements are made by check.				
3. Employees' time sheets and records are maintained.				
4. W-4 and W-2 forms are maintained.				
5. Employees' earning records are maintained.				
6. Adequate records are maintained to allow allocation of payroll costs to specific grants and contracts.				
7. Payroll checks are pre-numbered and recorded in the payroll journal.				
8. The board of directors or their designee follows up any unclaimed payroll checks.				
ACCOUNTING SYSTEM				
1. Bank accounts are reconciled monthly.				
2. A cash receipts journal is maintained.				
3. Grant reimbursements and requests are reconciled at least monthly.				
4. Federal and state tax reports are filed by or before the due date.				
5. Federal tax deposits are made at a FDIC bank as required.				
6. A cash disbursements journal listed all checks by number including voided checks.				
7. Accounting procedures are adequate to maintain separate records of the receipts and expenditures related to each grant or award.				
8. Government funds are deposited in separate bank accounts or controlled separately, as required.				
9. Requests for advances and reimbursements are approved by an appropriate official and filed with the OEO office by the 10 th working day of each month.				
10. All financial reports are reconciled to accounting records.				
11. Actual expenditures and revenues are compared to budgeted amounts monthly.				
12. Budget revisions are submitted and approved prior to implementation.				
13. Policies and procedures have been established to prevent charging grants for unreimbursable items (i.e. fines, penalties, interest, etc.).				
14. Records are maintained indicating the number of hours, type value and valuation methods of donated/in-kind services. Records are certified by a responsible official.				

	Responsible Personnel	Yes	No	N/A
FIXED ASSETS				
1. An annual physical inventory is taken and adequate count records (# tags) are maintained.				
2. Adequate records of fixed assets costs and depreciation records are maintained.				
SALES/USE TAX				
1. Sales and Use Tax records are maintained on total purchases of tangible personal property for use on which North Carolina State or County Sales or Use Tax has been paid directly to retailers.				
2. Claims for refund of state and county sales and use taxes are filed on NC Form E-585 and submitted semi-annually to the NC Dept of Revenue.				
3. Records are kept on sales of building materials, supplies, fixtures and equipment to contractors who are performing contract work.				
4. Records are kept of taxable purchases from out-of state suppliers and returns are filed monthly with remittances to the NC Dept. of Revenue.				
5. Agency fiscal records clearly document the amount of sales/use tax that is eligible for refund.				
AUDIT				
1. The audit resolution process for audit findings is initiated in a timely manner.				
2. Responses are submitted to the DHHS Controller's office or during the audit exit conference.				
3. A corrective action plan is developed for all audit findings, questioned costs and reportable conditions.				
4. The agency follows up with monthly monitoring of the implementation of the corrective action plan.				